

Presentation to the Board of Directors

PROJECT CHESAPEAKE

APRIL 26, 2001

OCC 009059

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DRAFT EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Chesapeake, Inc. ("Chesapeake" or the "Company") has engaged Credit Suisse First Boston ("CSFB") to explore alternatives available to it in conjunction with various strategic alternatives.

- During the first phase of our engagement, CSFB undertook the following activities at the direction of Chesapeake:
- Evaluated the operations, historical financial performance and future prospects of Chesapeake
 - Reviewed and confirmed the Case for Change analysis presented by Andersen Consulting and the Strategic Plan for Change adopted by the Company
 - Assisted Chesapeake in identifying and analyzing a range of strategic alternatives available to the Company
- During the second phase of our engagement, CSFB undertook the following activities at the direction of Chesapeake:
- Identified and conducted a review of a range of potential strategic partners
 - Initiated discussions with a small number of potential strategic partners to determine if a strategic business combination could be effected that would address the Company's strategic goals
 - Solicited and assisted in negotiating transaction proposals from two potential partners
 - Preliminarily examined the proposed transaction under consideration from a financial point of view

PROCESS REVIEW

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PROCESS REVIEW

CSFB has been actively involved at every juncture of Chesapeake's strategic alternative process.

Date	Attendees	Topic
February 4, 2000	Senior Management CSFB	► Discussion included (i) overview of trends in the managed care industry; (ii) review of recent BCBS transactions; (iii) and an assessment of strategic considerations relative to choosing a strategic alternative; and (iv) initial review of strategic alternatives.
April 24, 2000	Senior Management CSFB	► Discussion included (i) potential strategic opportunities; (ii) recent industry events; (iii) strategic considerations; and (iv) strategic evaluation process.
June 1, 2000	Strategic Planning Committee CSFB	► Discussion included (i) preliminary observations regarding the current market position and future prospects of Chesapeake; (ii) review of competitive market environment; (iii) key drivers of future success; and (iv) continued overview of strategic opportunities. Committee requested further analysis of opportunities.
June 22, 2000	Senior Management CSFB	► Discussion included (i) review of the range of strategic opportunities (maintain status quo, conversion to a for-profit stock corporation or pursuing a strategic affiliation or merger transaction); and (ii) review of potential merger partners and selection criteria.
July 11, 2000	Strategic Planning Committee CSFB	► Discussion included (i) analysis of strategic alternatives; (ii) review of potential strategic partners; and (iii) summary recommendations. Committee requested analysis of "do-ability" and precedent foundations.
July 13, 2000	Senior Management CSFB	► Discussion included update of trends in the managed care and BCBS industries.

PROCESS REVIEW (CONT'D)

Date	Attendees	Topic
July 27, 2000	Strategic Planning Committee CSFB	► Discussion recommendation included (i) review of initial recommendation to pursue a strategic affiliation or merger; (ii) review of potential transaction with either Atlantic or Highmark; (iii) steps necessary to complete such combination; (iv) review of "do-ability" analysis; (v) potential political and regulatory post-transaction control and governance issues; and (vi) relevant precedent transactions and foundations. Committee requested further analysis of alternatives with emphasis on developing Highmark alternative further.
August 23, 2000	Senior Management Highmark CSFB	► Meeting to discuss potential affiliation transaction with Highmark senior management team and information required for Strategic Planning Committee presentation.
August 28, 2000	Highmark CSFB	► Discussion of Chesapeake / Highmark business case analysis and potential transaction structure.
September 13, 2000	Senior Management Highmark CSFB	► Meeting to discuss draft of Strategic Planning Committee presentation and affiliation synergies with senior management of Highmark, Chesapeake and CSFB.
October 26, 2000	Strategic Planning Committee CSFB	► Discussion included (i) analysis of potential strategic affiliation or merger candidates across a variety of criteria; (ii) review of the steps necessary to complete a transaction; and (iii) potential transaction issues. Committee requested further analysis of Atlantic and Highmark alternatives.
November 21, 2000	Strategic Planning Committee Finance Committee CSFB	► Discussion included (i) side-by-side comparison of potential affiliation or merger candidates; (ii) analysis of the strategic transaction rationale across a number of criteria; and (iii) potential transaction structure. Committee requested further development of transaction criteria.
December 4, 2000	Board of Directors CSFB	► Discussion included (i) review of the current competitive strategic opportunities available (maintain the status quo, convert to a for-profit stock corporation, pursue a strategic merger or affiliation transaction); and (ii) review of potential affiliation merger partners and potential transaction issues. [Board requested that focus shift to Atlantic and Pacific opportunities].